Call: **01384 261300**
Email: mail@tnmca.com
Website: www.tnmca.com

thomas**nockmartin**
CHARTERED ACCOUNTANTS

TAX NEWSLETTER

Welcome to our monthly newsletter. We hope you enjoy reading this newsletter and find it useful.

- Download our new App! Go to our website www.tnmca.com
- Ask us about management accounts
- Ask us about our virtual financial director service
- Are we being proactive enough for you?

October 2019

BUILDERS' VAT RULES DELAYED FOR A YEAR

The government have decided to delay the start of the proposed VAT reverse charge for supplies by sub-contractors in the construction sector.

The reason for the u-turn is the lack of awareness of the change that was originally due to start on 1 October 2019. Many sub-contractors, and some main contractors, were not prepared for the changes on top of getting to grips with Making Tax Digital for VAT and consequently the government have decided to delay the start of the new rules for 12 months.

It has also come to light that some of those sub-contractors using the VAT flat rate scheme would be worse off which will require a review of whether that scheme is still worthwhile for them.

GET READY FOR THE "OFF-PAYROLL" WORKING RULES

Where large or medium-sized organisations are paying workers via personal service companies or agencies they will need to operate new procedures from 6 April 2020.

The new rules will apply to partnerships, LLPs and larger charities as well as limited companies. Only those organisations that would be classed as "small" under the Companies Act criteria will be outside of the new rules.

From 6 April 2020 the end user organisation will be required to determine whether or not the worker would be an employee of the organisation if directly engaged. That determination will need to be communicated to the agency supplying the worker so that income tax and national insurance is deducted from any payments.

The end user organisation should use the Check Employment Status for Tax (CEST) software on the HMRC website to carry out the determination. A copy of the determination should also be given directly to the worker.

WHAT IF THE WORKER DISAGREES?

Where the worker disagrees with the employment status determination they should contact the end user straight away setting out their grounds for disagreement.

The end user must provide a response within 45 days of receiving the disagreement. During this time they should continue to apply the rules in line with the original determination.

RADIO PRESENTER WINS IR35 PERSONAL SERVICE COMPANY CASE

The extension of the "off-payroll" working rules to the private sector mentioned above is planned for April 2020 but in the meantime tax tribunal decisions are still being decided against HMRC.

In a recent case involving a radio presenter working for TalkSport, it was decided that the presenter would not have been an employee if directly engaged. A key factor was that the the level of control over the presenter fell far below the sufficient degree required to demonstrate a contract of service.

The accountancy bodies have been lobbying the government to take the decision of the judges in this and the recent case involving Lorraine Kelly into consideration when they update the CEST software used to determine employment status.

DISGUISED REMUNERATION LOAN CHARGE REVIEW

The Chancellor, Sajid Javid has commissioned a review of the Loan Charge to consider whether the policy is an appropriate way of dealing with disguised remuneration loan schemes used by individuals who entered directly into these schemes to avoid paying tax.

The disguised remuneration Loan Charge was introduced to tackle contrived schemes where a person's income was paid as a loan which did

TAX NEWSLETTER

October 2019

not have to be repaid instead of receiving salary, thereby avoiding tax and national insurance. Such schemes have now been successfully challenged by HMRC in the courts.

Disguised remuneration loan schemes were used by tens of thousands of people, and concerns have been raised about the use of the Loan Charge as a way of drawing a line under these schemes and collecting tax from the beneficiaries. The government is clear these schemes do not work and that their use is unfair to the 99.8% of taxpayers who have not used them.

TIME FOR AN ELECTRIC COMPANY CAR?

The government has announced that there will be a zero P11d benefit for the drivers of electric cars from 2020/21. This is instead of the 2% scale charge that was originally included in Finance Act 2017 to apply for 2020/21. The legislation for the change will be included in Finance Bill 2020 and it is proposed that the benefit will be 1% of list price in 2021/2 and then 2% in 2022/3.

The zero taxable benefit will also apply to hybrid cars emitting no more than 50 grams of CO2 per kilometre with a range using its electric motor of at least 130 miles, but only for cars first registered on or after 6 April 2020. For those registered before 6 April 2020 the scale charge will be 2%.

Rather confusingly there will be two different sets of scale charges from 2020/21, one set relating to those registered before 6 April 2020 and a new lower set of rates for those registered on or after 6 April 2020.

However businesses are advised to wait until 6 April 2020 as the P11d scale charge for electric cars is currently 16% of original list price for 2019/20.

ADVISORY FUEL RATE FOR COMPANY CARS

These are the suggested reimbursement rates for employees' private mileage using their company car from 1 September 2019. Where there has been a change the previous rate is shown in brackets.

Engine Size	Petrol	Diesel	LPG
1400cc or less	12p		8p
1600cc or less		10p	
1401cc to 2000cc	14p (15p)		10p (9p)
1601 to 2000cc		11p (12p)	
Over 2000cc	21p (22p)	14p	14p

You can continue to use the previous rates for up to 1 month from the date the new rates apply. For hybrid cars use the equivalent petrol or diesel rate. However, for wholly electric cars there is a new 4p advisory rate from 1 September 2019.

DON'T FORGET THERE MAY BE TAX TO PAY ON YOUR DIVIDENDS IN JANUARY

The rules for taxing dividends changed radically from 6 April 2016 with the removal of the 10% notional tax credit and the introduction of new rates of tax on dividends. For many taxpayers that means more tax to pay on dividends on 31 January each year. If you are a higher rate taxpayer and received £22,000 of dividends in 2018/19 only £2,000 of those dividends are tax free now leaving £20,000 of those dividends to be taxed at 32.5% meaning £6,500 due on 31 January 2020, and possibly payments on account of your 2020/21 liability.

If you can let us have all of your tax documents as soon as possible we can let you know how much tax you need to pay next January so that you can set aside sufficient funds. We may also be able to suggest some tax planning ideas to reduce your tax liabilities.

DIARY OF MAIN TAX EVENTS

OCTOBER / NOVEMBER 2019

Date	What's Due
1/10	Corporation tax for year to 31/12/18, unless quarterly installments apply
5/10	Deadline for notifying HMRC of chargeability for 2018/19 if not within Self-Assessment and receive income or gains on which tax is due
19/10	PAYE & NIC deductions, and CIS return and tax, for month to 5/10/19 (due 22/10 if you pay electronically)
1/11	Corporation tax for year to 31/01/19, unless quarterly installments apply
19/11	PAYE & NIC deductions, and CIS return and tax, for month to 5/11/19 (due 22/11 if you pay electronically)